STATE OF CALIFORNIA

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Date: September 17, 1999

PERSONNEL LETTER # 99-032
CIVIL SERVICE ONLY

To: All Agencies in the Uniform State Payroll System

From: Ralph Zentner, Chief
         Personnel/Payroll Operations Bureau

Re: JULY 1, 1999 GENERAL SALARY INCREASE - CIVIL SERVICE EXCLUDED AND DPA
         EXEMPT EMPLOYEES

The Department of Personnel Administration (DPA) has authorized a general salary increase
effective July 1, 1999 for Excluded and DPA Exempt classes/ranges. Employees designated as
follows are entitled to the increase:

     Managerial (CBID M01-M21, E59, E79, E99)
     Supervisory (CBID S01-S21, E48, E58, E68, E78, E98)
     Confidential (CBID C01-C08, C10-C15, C17-C21)
     Excluded Confidential (CBID E97)
     DPA Excluded (CBID E)

In addition, employees in E25 designated classes and employees in E designated seasonal classes
are entitled to the July 1, 1999 general salary increase. Please refer to the DPA Pay Letter #99-28
and DPA Exempt Pay Letter dated September 17, 1999.

The salary increase for the above employees will occur through either two Employment History
(EH) mass updates or manually for the employees who cannot be included in the
mass updates (see below). The mass updates will be processed the weekend of September 18,
1999. As a result, the EH On-Line System will not be available on Saturday, September 18, 1999
for inquiry or update until approximately 11:00 a.m. If any problems are encountered with the
updates, the system may not be available until a later time or not at all.

I.   EH MASS UPDATE PROCESSES

The two mass updates are as follows:

     A. GEN Transaction Mass Update

         Employees designated per above as of 07/01/99, except confidential or E97 employees in
         rank and file classes, will have a 07/01/99 effective date GEN transaction posted to their
         EH records by the mass update process. The GEN transaction will reflect the general

salary increase and any special salary adjustment (except for certain managers/supervisors in Unit 02 classes-see below) within the employees' base salary rate. Also, the GEN mass update process will correct transactions with an effective date after 07/01/99 (out-of-sequence) for the employees as appropriate.

B. 350 Transaction Mass Update

Employees designated confidential or E97 (in rank and file classes other than Units 09 and 16*) as of 07/01/99 will have a 07/01/99 effective date 350 transaction posted to their EH records by the mass update process. The 350 transaction will add the Excluded Salary Differential (Earnings ID 8PFP) established to implement the salary increase for the employees (see DPA Pay Letter #99-28 for additional information).

* C09, C16 and E97 employees in Units 09 and 16 classes are addressed in a separate Personnel Letter related to the EH mass update process for the Units 09 and 16 employees.

Unlike the GEN transaction mass update, the 350 transaction mass update process does not handle out-of-sequence situations. As a result, employees with EH records reflecting transactions with an effective date after 07/01/99 will not be included in the 350 transaction mass update. The Personnel/Payroll Services Division (PPSD) will update the employees manually.

Turnaround PARs will be issued from the two mass update processes. The TAD PARs will be released on a flow basis. PPSD will resolve any discrepancies resulting from the updates and the TAD PARs will be distributed to departments after the records are corrected. If a TAD PAR for an employee is not received within 10 days after receiving the majority of the TAD PARs for your department, please contact the Personnel Operations Liaison Unit at (916) 322-6500 or Calnet 492-6500.

II. EH MANUAL UPDATE PROCESSES

PPSD and departments will need to manually update the EH records of employees who cannot be included in the above mass updates.

A. PPSD

PPSD will manually update the EH records of the following employees beginning September 20, 1999:

employees rejected from the mass update processes;

employees receiving the Excluded Salary Differential with a plus salary rate; and

employees receiving the Excluded Salary Differential in an out-of-sequence situation.

TAD PARs will be issued from the manual update process as the employees' EH records are updated.

B. Departments

Departments will need to manually update the EH records of employees meeting the following situations:

Employees under the 9/12, 10/12 or 11/12 pay plan

If the employee is on work status as of 07/01/99, process a 07/01/99 effective date GEN or 350 transaction. NOTE: When key entering the GEN transaction for a 9/12 or 11/12 employee, the new salary rate must be entered. If the salary rate is not entered, the rate will be computed incorrectly by the EH On-line System.

If the employee is not on work status as of 07/01/99, process a SAL or 350 transaction effective the date the employee returns to work status. Enter the new salary rate on the SAL transaction or enter the Earnings ID 8PFP on the 350 transaction.

Employees in the Special Consultant (class code 4660) or New Program Consultant (class code 4661) classifications

Process a GEN or 350 transaction as indicated in DPA Pay Letter 99-28.

III. SPECIAL EH PROCESSING INFORMATION/INSTRUCTIONS

A. Managerial/Supervisory Designated Employees

The salary increase for managerial and supervisory designated employees are performance based per DPA Rules 599.799.1 and 599.799.2. Departments will need to void the GEN transaction for employees whose performance is certified as unsuccessful. Refer to the Personnel Action Manual, section 9, for information on voiding transactions. The voids should be processed by September 20, 1999 to prevent overpayments (see below related to payroll adjustments).

An employee who is denied the salary increase and whose salary is below the minimum of the new salary for her/his class/range is entitled to the new minimum salary rate (per DPA Rules 599.799.1(c)(2) and 599.799.2(c)(2)).
Departments will need to process a SAL transaction effective 07/01/99 after the GEN transaction is voided. Enter the new minimum salary rate on the SAL transaction.

An employee who is denied the salary increase and whose anniversary date is 'MAX' will not receive a new anniversary date. The employee's anniversary date shall remain 'MAX'.

An employee who is denied the salary increase may be reconsidered at any future time. Departments will need to process a SAL transaction with the appropriate effective date to provide the salary increase once an employee's performance is certified as successful. Enter the new salary rate on the SAL transaction.

B. Excluded Salary Differential

The Excluded Salary Differential (Earnings ID 8PFP) is in lieu of increasing the employees' base salary rate. As a result, employees with a plus salary rate must have their plus salary adjusted as if the salary increase was reflected in the base salary rate.

C. SPECIAL SALARY ADJUSTMENT-UNIT 02 MANAGERIAL/SUPERVISORY CLASSES

Certain Unit 02 managerial/supervisory classes received a special adjustment at the maximum salary rate. Per DPA Pay Letter #99-28, the employees in the classes who are

at the old maximum salary rate are entitled to the special adjustment and/or a new anniversary date. The affected employees were included in the above EH GEN mass update and received the general salary increase only. PPSD will manually update the employees to provide the special adjustment and/or change their anniversary date. A 07/01/99 effective date GENF transaction (for the special adjustment/anniversary date change) or a 07/01/99 effective date 330 transaction (for the anniversary date change only) will be processed. Refer to the Pay Letter for the affected classes and employee movement instructions. The manual update process will begin in early October 1999.

D. 07/01/99 Effective Date MSA Transaction

Per DPA, an MSA shall be applied before a salary range change. Thus, the 07/99 MSA must be posted on an employee's EH record before the 07/01/99salary increase and must be based on the salary rate in effect as of 06/30/99.

If the 07/01/99 effective date MSA transaction has not been processed, key the GSI Code O on the MSA transaction to denote old salary rate.

If the 07/01/99 effective date MSA transaction is already posted and needs to be corrected, key enter the GSI Code O on the MSAC transaction to denote old salary rate.

Key enter the GSI Code as an alpha 'O' in the GSI field on the PAR1 update screen. Failure to enter the GSI Code O could result in an incorrect base salary rate and anniversary date on the MSA transaction (i.e., overpayment).

IV. PAYROLL ADJUSTMENTS

A. All Employees

Adjustments for the 07/99 through the first semi-monthly/biweekly half of the 09/99 pay period regular payments (except as indicated below), regular (i.e., non-FLSA) overtime payments and lump sum payments that have already been issued will be automatically made once the employees' EH records are updated to reflect the salary increase. For employees updated via the EH mass updates, the adjustments should be issued in the payroll cycle issue dated September 21, 1999. As a result, the voiding of the GEN transaction for managerial/ supervisory designated employees who are denied the salary increase must occur on September 20, 1999 to avoid overpayments. Employees updated manually will have their adjustments issued once their EH records are updated.

Departments will need to submit Form STD. 674/674D to request adjustments for the following payments that have been issued for the 07/99 through the first semi-monthly/biweekly half of the 09/99 pay periods.

Regular pay with dock applied for employees with a mid-month change

Regular pay for employees on alternate work schedules or paid from a shift designated agency code and time paid does not equal time possible for the pay period

Industrial Disability (IDL)

Temporary Disability (TD)

Nonindustrial Disability Leave (NDI) if benefits begin in the 07/99 pay period

NDI Annual Leave Supplementation

FLSA Overtime

Holiday pay issued under the user computed salary rate Earnings ID beginning with HG

Out-of-class

Supplemental premium/special pay if the pay has a rate change effective 07/01/99 (see DPA Pay Letter #99-28 for the affected premium/special pay differentials)

B. Biweekly Paid Employees - Last 06/99 Pay Period

Departments must submit Form 674/674D to request adjustments to all payments already issued for the last 06/99 biweekly pay period (07/01/99-07/03/99 pay period).

V.   RETROACTIVE CHARGES

All transactions as a result of the July 1, 1999 salary increase are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the two EH mass updates should not be reflected on the Monthly Retroactivity Report. The EH transactions, except the GEN transaction, and payroll transactions that are key entered/initiated by PPSD and departments will appear on the department's report. The department can return the report identifying the items associated with the salary increase along with the appropriate explanation.

VI. TELEPHONE CONTACTS

Questions regarding the Civil Service Excluded and Exempt salary increases and the EH/payroll processing information can be directed as follows:

SUBJECT AREA	CONTACT	TELEPHONE NO.
Salary Program	DPA	(916) 324-0439
		Calnet 454-0439
EH Procedures	Personnel Operations Liaison Unit	(916) 322-6500 Calnet 492-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619 Calnet 492-3619
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081 Calnet 473-3081

Rz:LMS/PMAB